

**MWANA AFRICA RELEASES 2007 FINANCIAL STATEMENT INFORMATION  
RESTATEMENT UNDER IFRS AND CORRECTION UNDER UK GAAP**

Mwana Africa PLC, a leading natural resources company, today provides an unaudited summary of the restatement of its 2007 interim financial statements under International Financial Reporting Standards as adopted in the EU (“adopted IFRS”). This summary also presents a restatement of results previously reported under UK GAAP.

This summary is being provided at the same time as the announcement on 6 December 2007 of Mwana Africa PLC’s interim results for the six months ended 30 September 2007.

The principal item recorded in the reconciliation from UK GAAP to IFRS relates to the valuation method applied to the Group’s short-term investments. This has no impact on the income statement. There are no IFRS adjustments to Group cash flows, only re-classifications of items within the cash flow statement.

The reconciliation below also records a restatement of results previously reported under UK GAAP. This follows further analysis by management of the financial performance and financial position of the Group’s subsidiary, Bindura Nickel Corporation Limited (“BNC”), and prepared on the basis of US\$ functional currency. The directors judge that the functional currency of BNC is US\$ based on revenue, capital expenditure and the majority of costs being denominated in US\$.

The Group’s interim results for the first half of 2007 and for the full year on an adapted IFRS basis and a comparative UK GAAP basis are summarised in the table below. Reconciliations for each item in the table are provided in the notes attached. Detailed reconciliations are provided in the appendix attached.

Notes	Year – 2007			Interim – 2007	
	IFRS	UK GAAP (re-stated)	UK GAAP (reported)	IFRS	UK GAAP (reported)
Revenue (£000)	1	121,860	121,860	46,053	46,053
Operating profit (£000)	2	28,143	28,143	13,137	13,137
Profit before tax (£000)	3	39,203	39,203	25,982	25,982
Profit after tax (£000)	4	36,820	36,820	20,941	20,941
Profit attributable to equity shareholders of the parent (£000)	5	18,886	18,886	10,527	10,527
Earnings per share (basic - pence)	6	7.79	7.79	4.46	4.46
Shareholders’ equity (£000)	7	159,409	159,147	93,491	93,491
Net increase in cash and cash equivalents (£000)		26,534	25,926	46,268	35,383

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**MWANA AFRICA RELEASES 2007 FINANCIAL STATEMENT INFORMATION  
RESTATED UNDER IFRS AND CORRECTION UNDER UK GAAP**

**Notes to Restatement Announcement**

	<b>2007 Year</b>	<b>2007 Interim</b>
	<i>£000</i>	<i>£000</i>
<b>(1) Revenue</b>		
Turnover as reported under UK GAAP	121,860	46,053
- Correction under UK GAAP (note a)	-	-
Turnover as restated under UK GAAP	121,860	46,053
- IFRS adjustment	-	-
Revenue under IFRS	121,860	46,053
<b>(2) Operating profit</b>		
Operating profit as reported under UK GAAP	30,675	13,137
- Correction under UK GAAP (note a)	(2,532)	-
Operating profit as restated under UK GAAP	28,143	13,137
- IFRS adjustment	-	-
Operating profit under IFRS	28,143	13,137
<b>(3) Profit before tax</b>		
Profit before tax as reported under UK GAAP	41,735	25,982
- Correction under UK GAAP (note a)	(2,532)	-
Profit before tax as restated under UK GAAP	39,203	25,982
- IFRS adjustment	-	-
Profit before tax under IFRS	39,203	25,982
<b>(4) Profit after tax</b>		
Profit / (loss) after tax as reported under UK GAAP	39,352	20,941
- Correction under UK GAAP (note a)	(2,532)	-
Profit before tax as restated under UK GAAP	36,820	20,941
- IFRS adjustment	-	-
Profit after tax under IFRS	36,820	20,941

**MWANA AFRICA RELEASES 2007 FINANCIAL STATEMENT INFORMATION  
RESTATED UNDER IFRS AND CORRECTION UNDER UK GAAP**

**Notes to Restatement Announcement (continued)**

	<b>2007 Year</b>	<b>2007 Interim</b>
	<i>£000</i>	<i>£000</i>
<b>(5) Profit for the financial year</b>		
Profit for the financial year share as reported under UK GAAP	21,879	10,527
- Correction under UK GAAP (note a)	(2,993)	-
Profit for the financial year as restated under UK GAAP	18,886	10,527
- IFRS adjustment	-	-
Profit attributable to equity shareholders of the parent under IFRS	18,886	10,527
<b>(6) Earnings per share</b>		
Earnings per share as reported under UK GAAP	9.03p	4.46p
- Correction under UK GAAP (note b)	(1.24p)	-
Earnings per share as reported under UK GAAP	7.79p	4.46p
- IFRS adjustment	-	-
Earnings per share under IFRS	7.79p	4.46p
<b>(7) Shareholders' equity</b>		
Shareholders' equity as reported under UK GAAP	162,419	93,491
- Correction under UK GAAP (note c)	(3,272)	-
Shareholders' equity as restated under UK GAAP	159,147	93,491
- IFRS adjustment (note d)	262	-
As restated under IFRS	159,409	93,491

**Notes to UK GAAP restatement:**

The balances reported under UK GAAP for the year ended 31 March 2007 and as at 31 March 2007 have been restated under UK GAAP following analysis by management of the financial performance and financial position of the Group's subsidiary, Bindura Nickel Corporation Limited.

Certain adjustments were made to the accounting treatment of exchange movements relating to transactions and balances originally denominated in Zimbabwean dollars. These adjustments are described below.

- a) The reported operating profit has decreased by £2,532,000 for the year ended 31 March 2007, comprising an exchange loss of £3,511,000 relating to dividends from BNC partially offset by £979,000 of exchange gains. The net effect was to reduce the Group's profit attributable to equity shareholders of the parent by £2,993,000.

## **Appendix: Summary reconciliation of the Group's UK GAAP 2007 Financial Statements to IFRS**

- b) Earning per share has been reduced in accordance with the adjustment in note a above.
- c) A translation adjustment of £740,000 was made to Zimbabwean dollar dividends paid to the minority shareholders in BNC. This adjustment, together with the £2,532,000 decrease in the Group's profit before minority interest resulted in a total decrease of £3,272,000 in the Group's shareholders' equity.

### **Notes to IFRS restatement:**

- d) At 31 March 2007, shareholders' equity under IFRS are £262,000 higher than presented under UK GAAP, comprising the uplift of £328,000 of the group's short-term investments from impaired cost under UK GAAP to fair value for IFRS purposes. This has been partially offset by an increase in the deferred tax liability of £66,000. No restatement for IFRS purposes was required to the balance sheet at 1 April 2006 and 30 September 2006 or to the income statement for the six months or full year.

## **Appendix: Summary reconciliation of the Group's UK GAAP 2007 Financial Statements to IFRS**

### **1. Basis of preparation**

Mwana Africa PLC ("Mwana Africa" or "the Company") will report its annual consolidated financial statements for the year ending 31 March 2008 in accordance with International Financial Reporting Standards as adopted in the EU ("adopted IFRS").

This appendix presents and explains the unaudited conversion of the consolidated results of Mwana Africa from UK Generally Accepted Accounting Practice ("UK GAAP") onto an IFRS basis for the six months ended 30 September 2006 and the year ended 31 March 2007 and similarly the Group's financial position as at that date and also 30 September 2006 and at the date of the transition of the Company's consolidated financial statements to IFRS, being 1 April 2006.

This financial information has been prepared on the basis of the recognition and measurement requirements of adopted IFRSs that are effective (or available for early adoption) at 31 March 2007, the Group's first annual reporting date at which it is required to use adopted IFRSs. Based on these adopted IFRSs, the directors have applied the accounting policies, which they expect to apply when the first annual IFRS financial statements are prepared for the year ending 31 March 2008.

However, the adopted IFRSs that will be effective (or available for early adoption) in the annual financial statements for the year ending 31 March 2008 are still subject to change and to additional interpretations and therefore cannot be determined with certainty. Accordingly, the accounting policies for that annual period will be determined finally only when the annual financial statements are prepared for the year ending 31 March 2008.

The financial information, in the form of the primary statements contained in this appendix, is presented based on how the directors expect to present the primary statements for the year ending 31 March 2008. Where no definitive guidance exists in IAS 1, a UK GAAP approach has been adopted in order to maintain consistency with prior years. This format and presentation may require modification in the event that further guidance is issued, but otherwise the Company believes that the basis on which this financial information has been prepared will be sufficient to enable it to comply fully with IFRS in its annual financial statements for the year ended 31 March 2008 without further significant modification to either the format and presentation or the comparative financial information contained in the primary financial statements herein.

The comparative figures for the financial year ended 31 March 2007 are not the company's statutory accounts for that financial year. Those accounts, which were prepared under UK GAAP, have been reported on by the company's auditors and delivered to the registrar of companies. The report of the auditors was (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 237(2) or (3) of the Companies Act 1985.

## **Appendix: Summary reconciliation of the Group's UK GAAP 2007 Financial Statements to IFRS**

### **2. Restatement of Financial Statement Comparatives from UK GAAP to IFRS**

#### **Income statement, balance sheet and cash flow reclassifications from UK GAAP to IFRS**

The adoption of IFRS requires certain changes to be made to the format and presentation of income statement, balance sheet and cash flow information previously disclosed under UK GAAP. In the income statement and balance sheet shown in sections 2.3 and 2.4 and in the statement of cash flows, the following principal changes have been made to the primary statements disclosed under UK GAAP and restated as noted above, prior to presenting them under IFRS in section 2.3 and 2.4:

- i. Under IFRS, deferred tax assets and liabilities are required to be shown as separate line items on the balance sheet. This has resulted in the reclassification of deferred tax assets previously included within provisions under UK GAAP of £5,701 at 31 March 2007 (1 April 2006: £6,589; 30 September 2006: £385,633) and deferred tax liabilities previously included within provisions under UK GAAP of £1,355,109 at 31 March 2007 (1 April 2006: £1,467,461; 30 September 2007: £2,387,938).
- ii. Under IFRS, income taxes recoverable and payable are required to be shown as separate line items on the balance sheet. This has resulted in a reclassification of income tax recoverable previously included within debtors under UK GAAP of £164,151 at 31 March 2007 (1 April 2006: nil; 30 September 2006: £56,605); and income tax payable previously included within creditors under UK GAAP of £51,639 at 31 March 2007 (1 April 2006: £1,275,889; 30 September 2006: £2,895,335).
- iii. IFRS requires provisions expected to be settled within one year of the balance sheet date to be shown as current liabilities. No adjustment was required.
- iv. IFRS requires certain cash deposits to be included within the balances disclosed as "cash and cash equivalents", whereas these deposits were included within short-term deposits under UK GAAP. This has resulted in a reclassification at 31 March 2007 of £607,261 (1 April 2006: Nil, 30 September 2006: £10,884,383) from short-term investments to cash and cash equivalents.
- v. In addition to the change in presentation brought about by items iv above, the Group statement of cash flows under IFRS must comply with the format and headings prescribed in IAS 7. With the exception of the reclassification described in iv above, no other IFRS transitional adjustments impacted on the restated net cash flow from operating, investing or financing activities.

## **Appendix: Summary reconciliation of the Group's UK GAAP 2007 Financial Statements to IFRS**

### **Accounting adjustments made on transition from UK GAAP to IFRS**

As required by IFRS 1, Mwana Africa has prepared reconciliation statements which present the adjustments made in order to transition the Group's UK GAAP primary statements for 2007 onto an IFRS basis.

Reconciliations are provided in respect of the adjustments made to the Group's financial position at the date of transition to IFRS, 1 April 2006, 30 September 2006 and 31 March 2007. With regard to the Group's reported financial performance, reconciliations are provided for the six months ended 31 March 2006 and for the full year ended 30 September 2006.

The reconciliations in this appendix are located as follows:

- |   |             |
|---|-------------|
| • Income Statement reconciliation from UK GAAP to IFRS    | Section 2.3 |
| • Balance Sheet reconciliation from UK GAAP to IFRS       | Section 2.4 |
| • Consolidated Statement of Recognised Income and Expense | Section 2.5 |
| • Summary description of significant IFRS adjustments     | Section 2.6 |
| • Exemptions taken under IFRS 1                           | Section 2.7 |

## Appendix: Summary reconciliation of the Group's UK GAAP 2007 Financial Statements to IFRS

### Income Statement reconciliation from UK GAAP to IFRS

Financial Statement caption	Interim - 2007			Full Year - 2007				
	As reported under UK GAAP £000	Effect of transition to IFRS £000	Reported in compliance with IFRS £000	As reported under UK GAAP £000	Prior year adjustment £000	As restated under UK GAAP £000	Effect of transition to IFRS £000	Reported in compliance with IFRS £000
Revenue	46,053	-	46,053	121,860	-	121,860	-	121,860
Cost of sales, administrative, selling and distribution costs	(32,916)	-	(32,916)	(91,185)	(2,532)	(93,717)	-	(93,717)
Operating Profit	13,137	-	13,137	30,675	(2,532)	28,143	-	28,143
Finance income	13,254	-	13,254	11,106	-	11,106	-	11,106
Finance costs	(409)	-	(409)	(46)	-	(46)	-	(46)
Profit before tax	25,982	-	25,982	41,735	(2,532)	39,203	-	39,203
Income Tax	(5,041)	-	(5,041)	(2,383)	-	(2,383)	-	(2,383)
Profit after tax	20,941	-	20,941	39,352	(2,532)	36,820	-	36,820
Profit attributable to minority interests	(10,414)	-	(10,414)	(17,473)	(461)	(17,934)	-	(17,934)
Profit attributable to equity shareholders of the parent	10,527	-	10,527	21,879	(2,993)	18,886	-	18,886
Basic earnings per share	4.46p	-	4.46p	9.03p	(1.24)p	7.79p	-	7.79p
Diluted earnings per share	4.21p	-	4.21p	8.31p	(1.24)p	7.17p	-	7.17p

## Appendix: Summary reconciliation of the Group's UK GAAP 2007 Financial Statements to IFRS

### Balance Sheet reconciliation from UK GAAP to IFRS

Financial statement caption	1 April 2006			30 September 2006			31 March 2007				
	As reported under UK GAAP £000	Effect of transition to IFRS £000	Reported in compliance with IFRS £000	As reported under UK GAAP £000	Effect of transition to IFRS £000	Reported in compliance with IFRS £000	As reported under UK GAAP £000	Prior year adjustment	As reported under UK GAAP (post-adjustment) £000	Effect of transition to IFRS £000	Reported in compliance with IFRS £000
<b>Assets</b>											
Property, plant & equipment	65,365	-	65,365	61,751	-	61,751	68,541	-	68,541	-	68,541
Intangible assets	12,980	-	12,980	13,213	-	13,213	15,099	-	15,099	-	15,099
Investments	-	-	-	8,879	-	8,879	12,009	-	12,009	-	12,009
Deferred tax asset		7	7	-	386	386		-		6	6
<b>Total non-current assets</b>	<b>78,345</b>	<b>7</b>	<b>78,352</b>	<b>83,843</b>	<b>386</b>	<b>84,229</b>	<b>95,649</b>	<b>-</b>	<b>95,649</b>	<b>6</b>	<b>95,655</b>
<b>Current assets</b>											
Cash and cash equivalents	14,311	-	14,311	47,687	10,884	58,571	38,086	-	38,086	607	38,693
Available for sale assets				10,884	(10,884)	-	2,369	-	2,369	(279)	2,090
Inventories	8,773	-	8,773	8,333	-	8,333	12,211	-	12,211	-	12,211
Trade and other receivables	9,455	-	9,455	16,563	(57)	16,506	22,891	-	22,891	(164)	22,727
Tax receivable					57	57		-		164	164
<b>Total current assets</b>	<b>32,539</b>	<b>-</b>	<b>32,539</b>	<b>83,467</b>	<b>-</b>	<b>83,467</b>	<b>75,557</b>	<b>-</b>	<b>75,557</b>	<b>328</b>	<b>75,885</b>
<b>Total assets</b>	<b>110,884</b>	<b>7</b>	<b>110,891</b>	<b>167,310</b>	<b>386</b>	<b>167,696</b>	<b>171,206</b>	<b>-</b>	<b>171,206</b>	<b>334</b>	<b>171,540</b>
<b>Equity</b>											
Issued capital	17,938	-	17,938	24,792	-	24,792	24,917	-	24,917	-	24,917
Share premium	54,116	-	54,116	87,888	-	87,888	250	-	250	-	250
Retained earnings	(3,547)	-	(3,547)	2,314	-	2,314	98,461	(1,299)	97,162	139	97,301
<b>Total shareholders equity</b>	<b>68,507</b>	<b>-</b>	<b>68,507</b>	<b>114,994</b>	<b>-</b>	<b>114,994</b>	<b>123,628</b>	<b>(1,299)</b>	<b>122,329</b>	<b>139</b>	<b>122,468</b>
<b>Minority interests</b>	<b>24,984</b>	<b>-</b>	<b>24,984</b>	<b>32,502</b>	<b>-</b>	<b>32,502</b>	<b>38,791</b>	<b>(1,973)</b>	<b>36,818</b>	<b>123</b>	<b>36,941</b>
<b>Total equity</b>	<b>93,491</b>	<b>-</b>	<b>93,491</b>	<b>147,496</b>	<b>-</b>	<b>147,496</b>	<b>162,419</b>	<b>(3,272)</b>	<b>159,147</b>	<b>262</b>	<b>159,409</b>
<b>Liabilities</b>											
Trade and other payables	14,037	(1,276)	12,761	14,895	(2,895)	12,000	4,793	3,272	8,065	(52)	8,013
Taxation payable	-	1,276	1,276	-	2,895	2,895	-	-	-	52	52
<b>Total current liabilities</b>	<b>14,037</b>	<b>-</b>	<b>14,037</b>	<b>14,895</b>	<b>-</b>	<b>14,895</b>	<b>4,793</b>	<b>3,272</b>	<b>8,065</b>	<b>-</b>	<b>8,065</b>
Provisions	3,356	(1,461)	1,895	4,919	(2,002)	2,917	3,994	-	3,994	(1,349)	2,645
Deferred tax liability	-	1,468	1,468	-	2,388	2,388	-	-	-	1,421	1,421

## Appendix: Summary reconciliation of the Group's UK GAAP 2007 Financial Statements to IFRS

<b>Total non-current liabilities</b>	3,356	7	3,363	4,919	386	5,305	3,994	-	3,994	72	4,066
<b>Total equity and liabilities</b>	110,884	7	110,891	167,310	386	167,696	171,206	-	171,206	334	171,540

### Consolidated Statement of Recognised Income and Expense reconciliation from UK GAAP to IFRS

	Interim – 2007			Year end – 2007			
	As reported under UK GAAP £000	Effect of transition £000	As reported under IFRS £000	As reported under UK GAAP £000	Prior year adjustment £000	Effect of transition £000	As reported under IFRS £000
Profit/(loss) for the year	10,527	-	10,527	21,879	(2,993)	-	18,886
Remeasurement gain on available for sale financial assets, net of deferred tax	-	-	-	-	-	139	139
Net exchange differences on the retranslation of net investments	(4,742)	-	(4,742)	(7,749)	1,694	-	(6,055)
Total recognised gains relating to the financial year	5,785	-	5,785	14,130	1,299	139	12,970

## **Appendix: Summary reconciliation of the Group's UK GAAP 2007 Financial Statements to IFRS**

### **2.6 Summary description of significant IFRS adjustments**

A summary of the principal adjustments made in order to transition the Company's restated UK GAAP financial statements to IFRS are noted below.

#### a) Available for sale financial assets

IFRS requires that available for sale assets be shown at market price, whereas these investments were shown at cost under UK GAAP. This has resulted in an increase at 31 March 2007 of £327,953 (31 March 2006: Nil; 30 September 2006: Nil) in available for sale assets, an £65,590 increase in deferred tax and an increase of £262,362 in non-distributable reserves.

### **2.7 Exemptions taken under IFRS 1**

Mwana Africa has taken advantage of the following exemptions from IFRS 1:

#### a) Business combinations

Mwana has elected to take the exemption not to apply IFRS 3 Business Combinations retrospectively to past business combinations which occurred before the date of transition to IFRS, 1 April 2006.

#### b) Cumulative translation differences

Mwana has elected to take the exemption to consider that the cumulative translation differences for all foreign operations are deemed to be zero at the date of transition to IFRSs and the gain or loss on a subsequent disposal of any foreign operation shall exclude translation differences that arose before the date of transition to IFRSs and shall include later translation differences